



Tips for Making Withdrawals from Your Retirement Account

Retirement savings accounts, like 401k, 403 (b) or 457 (b) plans, have rules about when and how you can withdraw your money without penalty. Generally, the rule is that once you reach age 59 ½, you can withdraw from your account without penalty. Some 457 (b) plans, however, permit you to withdraw funds without penalty if you permanently terminate your employment with your employer, regardless of age.

Remember: Your decisions about when to begin withdrawals and how much to withdraw will affect your account's balance. It also will affect how much additional income your savings will generate in interest, and therefore, how long it will last.

Here are some tips to guide you in deciding to make plan withdrawals:

1. Decide at what age you want to retire.
 - The IRS allows withdrawals at age 59½, but requires that you begin withdrawing funds from your plan once you reach 70½ years of age. Generally, you are able to withdraw funds anytime you leave a company, no matter what your age. If you leave a company; you will need to decide whether to roll your money into an IRA or some other retirement account – which you may be able to do without penalty – or begin taking distributions. It is important to consult a professional to be sure you understand any taxes and or penalties you may face from early withdrawal.
2. Evaluate your retirement income needs.
 - You will want to plan for at least 20 years of retirement, and more if you plan to retire early.
 - Estimate whether your expenses will increase, decrease or stay the same as they are now. What are your expected expenses?
3. Identify all sources of retirement income.
 - Do you have other retirement income such as pension benefits from past employers, an IRA or Social Security benefits?



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4. Contact your former employer(s) or the financial company holding your plan to request withdrawal forms and to get the distribution options allowed by your plan.
5. Evaluate all distribution options that are available to you. In most cases, you will have several options to choose from, but not every plan offers the same options. Generally, you can:
 - Take systematic withdrawals;
 - Transfer the money to a rollover IRA;
 - Take a lifetime annuity outside of your plan;
 - Receive a cash distribution in a one-time lump sum payment; or
 - Leave your money in the plan (if permitted by your former employer).
6. Determine what tax consequences are associated with each distribution option.
 - For instance, if you choose a one-time lump sum cash option, you will pay federal, state and local incomes taxes on the full amount. If you roll over the account into an IRA, you can defer a portion of your income taxes, take systematic withdraws and allow your fund balance to continue accruing interest even after you retire.
 - Determine whether Social Security benefits or any government benefit you may be receiving (e.g. prescription plan, property tax relief) will be affected by your withdrawal. The National Council on the Aging offers a free and simple questionnaire called Benefits Check Up you can complete to determine if you are receiving all the benefits for which you are entitled. Go to: www.benefitscheckup.org to access the questionnaire.
7. Contact your retirement savings plan administrator to ask if there are any fees associated with each withdrawal distribution option available to you before you make your decision.
8. Discuss your options and financial needs with a family member or a friend whom you trust, or seek advice from a certified financial advisor available through the **Delaware Money School**. You can find out more information about the **Delaware Money School** and its over 400 free, personal financing classes by calling: **(800) 267-5002** or visit them on the web at: www.delawaremoneyschool.com or refer to the resources section of this toolkit for other options.
9. Based on all of these considerations, decide what distribution option best suits your financial needs.



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